

Mr. Crerar replies to
all Charges against
United Grain Growers

Speaking to his own constituents at Basswood
he scathingly denounces the campaign of mis-
representation and cowardly insinuations
carried on by a discredited Government
because they dare not discuss its
record or policies

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Basswood, Man., November 19.—Vigorous denial of the Henderson charges against the United Grain Growers Ltd. and a challenge to his political opponents to abandon insinuation and innuendo and make specific accusations against his character, conduct, or integrity, featured a speech by Hon. T. A. Crerar, leader of the Progressive party, at a meeting here this evening.

The leader of the Progressive party scathingly denounced what he described as the campaign of misrepresentation carried on by the government, and accused the government of using the powers of the state to crush a political opponent and a political movement which it was thought was going to injure their political fortunes.

Speaking directly of Mr. Meighen, Mr. Crerar expressed his regret that the prime minister should stoop to methods which would be a discredit to a third-rate politician.

Frankly discussing the Henderson charges with regard to the United Grain Growers' terminal elevator at Fort William, Mr. Crerar declared that they were absolutely false and that the company had never been guilty of any wrongdoing in connection with its business.

In connection with insinuations and innuendoes relating to overages, screenings, mixing and so on, Mr. Crerar explained the operations of a terminal elevator, and showed that the insinuations were entirely unwarranted.

Mr. Crerar said that as he was speaking to his own constituents he had thought it desirable to deal once for all with the matter of these charges and innuendoes, but he did not propose, with respect to his other meetings throughout the West, to be turned aside

from the discussion of real national questions.

Frequent applause made it clear that the audience was entirely with Mr. Crerar. At the close hearty cheers were given in his honor.

The Government's Campaign

"What is the government's campaign in this province?" Mr. Crerar asked. "Take the literature, speeches and pamphlets circulated all over the province; take the advertising in the farm papers; and what is it? The whole thing is an attack on the United Grain Growers Ltd. and an attack on the farmers' organization. They attack the United Grain Growers Ltd., and by the grossest misrepresentation ever placed before the country are attempting to stampede the farmers of this province and in Saskatchewan into supporting government candidates. I propose to deal tonight with the matters they have brought forward in this way. I have read their advertising; I have read in the newspapers reports of speeches made by speakers supporting government candidates, and it all relates to the business of the Grain Growers company, or as it is today, the United Grain Growers Ltd.

"Why is that being done? It is being done for one reason and one reason only, to weaken public confidence in myself because I have been associated with the company for the last 14 years. Friends of the government feel that by this backstairs way, if they can discredit me in the eyes of the public they will draw away support from the Progressive movement. I am going to deal with the misrepresentations and charges advanced by government speakers and in

government pamphlets issued by the publicity department of the National Liberal and Conservative party.

Personalities

"I spoke this afternoon at Clanwilliam. My friends told me of a speech made last night by a gentleman supporting Gen. Dyer. His whole speech was a bitter attack on me personally and upon the United Grain Growers. We can find, however, that even the prime minister stoops to that sort of thing, and I regret to see it, because the office of prime minister of this country is an office carrying with it a great dignity. The prime minister, no matter what his politics, is the first citizen of the land, and as such we respect him. His course should be at all times such as to command respect, and I repeat that I regret to see Mr. Meighen stooping to methods that would not be a credit to a third-rate politician.

"I want to deal with the creation of the Grain Inquiry Board. You all know what that board was.

"At the last session of parliament, Mr. R. C. Henders, member for Macdonald, in speaking on the address in the House, demanded that the government should appoint a commission to inquire into the whole business of grain handling. He alleged that certain irregularities had gone on. The whole thing was staged; the impression gained by every impartial observer around the House of Commons was that it was a political manoeuvre and nothing else.

A Political Manoeuvre

"It was staged at that time; the newspapers supporting the government in certain parts of Eastern Canada and members supporting the government in the House of Commons, did not disguise the fact that it was expected to kill the farmers' organizations in Western Canada and to discredit me personally. More than that, I was told by a friend of mine in Montreal, who had it from a government supporter in the House, that the purpose was to destroy the United Grain Growers, and, if possible, to destroy me politically. Then, Mr. Langley was for many years a member of the Saskatchewan government. He made a statement in Portage la Prairie that one of the commission appointed by the government had stated to a friend of his that they were not after the Saskatchewan Elevator Company, with which Mr. Langley was identified, but they were after the United Grain Growers, and Mr. Langley states that evidence can be supplied under oath if necessary.

"After this grain inquiry board was appointed, it got down to work. There

were four members on it. There was Judge Hyndman, of Edmonton, against whom I have nothing to say, because I believe he is an honorable gentleman. There was also Mr. Staples, a member of the Board of Grain Commissioners. That board had full powers to investigate. Yet we find Mr. Staples, a member of the board of grain commissioners, placed on this board appointed to investigate matters which should have been under the control of the Board of Grain Commissioners.

Due Notice Promised

"Mr. Justice Hyndman made this statement after the board had finished its deliberations at Winnipeg, that if any charge was to be brought against any person or firm, it would have to be done in a legal way, and that such person or firm would be given an opportunity by notice in advance to defend itself and present its side of the case. Now that was in accord with the well-established principles of British justice; that any person accused of any wrongdoing must be faced with the accusation and given an opportunity to prepare his defence. That, I say, is in accord with the true practice of British justice.

"Now, it happened that nine years ago the Grain Growers' company had leased an elevator from the Canadian Pacific railway. This was a large terminal elevator of 2,500,000 bushels capacity. We had no terminal elevator. We had a large line of elevators in the country, and in order that we might have the chain complete we secured a lease from the Canadian Pacific railway of one of their terminal elevators at Fort William. When we got that elevator we engaged a superintendent, a man named Henderson. At the time we took the elevator over from the Canadian Pacific railway we had to take over the amount of grain in the elevator.

Fort William Hearings

"The Royal Grain Inquiry Board commenced its work. The commission had sittings in Manitoba. It travelled to Saskatchewan, and when in Western Saskatchewan two or three commissioners by telegram appointed Mr. Birkett, who was their secretary, a special commissioner to go to Fort William to hold a special hearing. This was arranged through R. A. Bonnar, who was the solicitor of the Royal Grain Inquiry Board. Now, Mr. Bonnar, it is well known, was for many years solicitor for the United Grain Growers Ltd., and of the old Grain Growers' Grain Company. The company, however, had a difference of opinion with Mr. Bonnar and his services were dispensed with. This hear-

ing was arranged at Fort William. Although our office in Winnipeg is not a stone's throw from the office of the Grain Inquiry Board, we received no notice from the board that this hearing was to be held. It was arranged in a few days and—this came out afterwards in the injunction proceedings—it was known certain evidence was to be given which would reflect very gravely indeed upon the United Grain Growers Ltd.

"I repeat, and I want you to bear this in mind, that the company received no notice whatever that this was to be done. The hearing was held. Mr. Birkett, the young man who was secretary of the commission, sat as the commissioner. Mr. Bonnar was there as the solicitor. Mr. Henderson was called to give evidence. He was the first superintendent the United Grain Growers had at the terminal elevator at Fort William. We engaged him in the summer of 1912. Mr. Henderson, about a year later, was asked to put in his resignation, and he put it in.

Henderson's Evidence

"Mr. Henderson appeared at this secret hearing. He gave evidence on four points. He said: (1) That in the course of the company's business \$50,000 had been transferred from the terminal elevator company to the export department; (2) that the company had shipped out 2,000,000 bushels of grain that year without having warehouse receipts in its possession—in other words, that it had shipped out 2,000,000 bushels of farmers' grain without having paid for it, and that some of the grain was in Liverpool and ground into flour before the farmers got their money for it; (3) that when the elevator was taken from the Canadian Pacific railway, 40,000 bushels of grain had been stolen from the Canadian Pacific; (4) that in 1913 false bottoms had been put in in a number of bins in the elevator.

"These were in detail the four charges Mr. Henderson made in his evidence. In the course of that evidence he was questioned by the solicitor, and there was placed on the record of the proceedings material that would not have been admitted in any court of justice anywhere as evidence. The first time that the officials of the company knew of this matter and the character of the evidence given, was when they read about it in the newspapers afterwards, and I may say that it was only by the merest chance that the Winnipeg Free Press learned about an hour or two before that something was going to take place at Fort William and that it was only because of the news-

paper rule of not taking any chances of missing a story that a representative of the Free Press went to Fort William. That was stated in the Free Press by Miss Cora Hind, who was the representative sent down by that paper. I want to deal with the Henderson charges.

"With regard to the charge that \$50,000 was transferred from the Terminal Elevator Company to the export department, that was not done. In the first place, Mr. Henderson had nothing whatever to do with the bookkeeping. Our books do not show any such transaction; it would have been noticed and corrected by our official auditors, the John Scott Co., when the audit was made at the end of the year. Mr. Henderson's statement in that respect is totally and absolutely false.

Absolutely False

"Mr. Henderson's second charge is that during the year 2,000,000 bushels of farmers' grain were shipped out of the elevator and delivered to Liverpool before the farmers were paid for it. That statement is also absolutely false. There was in the fall of 1912 a steamer loaded from our elevator. That was on November 30, just prior to the closing of navigation, and warehouse receipts were not surrendered by the company. I might explain that in the process of shipping, no grain is permitted out of the elevator unless warehouse receipts covering that grain are surrendered to the Board of Grain Commissioners within 24 hours afterwards. You should understand that the Board of Grain Commissioners has a system of registration of receipts at Fort William. A car of grain comes into an elevator at Fort William. The elevator must issue the warehouse receipt, which must be registered in the registration department of the Board of Grain Commissioners, and when grain is shipped from the elevator the warehouse receipts must be surrendered and cancelled by the registration department, so that grain cannot leave an elevator without the Board of Grain Commissioners knowing it.

"All the grain going out of the elevators and all the grain coming into the elevators is weighed by government weighmen and certified by government officials. Now, in this particular case, there was a steamer, the Uttley—I mention this because I believe it has been referred to by some of the government speakers going around the country making speeches to the effect that on Nov. 30 warehouse receipts had not been put in. I knew nothing of it until two or

three days afterwards, when I got a telegram from the Board of Grain Commissioners.

Satisfactorily Adjusted

"I immediately got in touch with Mr. Henderson, who had loaded it out without getting authority to do so. We got the surrenders in, and the matter was thus satisfactorily adjusted with the Board of Grain Commissioners. That was mentioned in the report prepared by the board covering that year's operations. About the same time Dr. McGill was in Ottawa, endeavoring to arrange for vessels staying at Fort William throughout the winter. There was every evidence of a big grain congestion, and the Grain Commissioners were taking all the precautions they could to avoid that congestion. They arranged to have vessels placed along the water front at the head of the lakes beside the elevator. Before any of these boats left in the spring, warehouse receipts were surrendered to the registration department, and the whole transaction met with the entire approval of the board, so that Mr. Henderson's statements that we were shipping without proper surrenders, and that we were taking grain and shipping it out before the farmers were paid for it are absolutely false in every particular.

"The next statement is the charge that the Grain Growers' Grain Company appropriated 40,000 bushels of grain from the Canadian Pacific railway, at the time the transfer was made of the elevator to the Grain Growers' Grain Company. I may here say that some of my friends have complimented me rather ironically on that fact. They said: 'If you are able to steal 40,000 bushels of grain from the Canadian Pacific railway, then there is a whole lot of credit coming to you.' (Laughter.) At the time the transfer was made Mr. Henderson was the superintendent of our elevator. Our auditors went down from Winnipeg, three members of the John Scott Co. They went to Fort William to superintend the transfer of the elevator to the Grain Growers' Grain Company. The Canadian Pacific railway was also represented by its auditors. These gentlemen supervised this operation, and the grain was weighed up and transferred to the Grain Growers' company. Mr. Henderson was superintendent of the elevator at the time, and I hold a photographic copy of the receipt Mr. Henderson signed as superintendent of the elevator for the grain he received from the Canadian Pacific railway company. Mr. Henderson says there were 40,000 bushels appropriated.

Henderson Signed Receipts

"How can that be explained in view of the fact that he signed this receipt himself for what he actually received from the Canadian Pacific railway? More than that, since Mr. Henderson's evidence was given I wrote to Mr. Coleman, vice-president of the Canadian Pacific railway. I mentioned to him the charges made at Fort William and stated that if he wished to make any investigation, all our records were at his disposal. Mr. Coleman replied that because the honor of some of the Canadian Pacific railway officials was involved he would hold an enquiry. That enquiry was conducted and ran over a period of several weeks. On July 11, about five weeks after this incident at Fort William had taken place, I received the following letter from Mr. Coleman:

"The railway company was represented at the weigh-up by Mr. H. J. Dalton, then chief travelling auditor of the company, now auditor of disbursements, an experienced, trusted and capable officer, who represented us at the annual government weigh-up of our terminal elevators before the transfer in question and since that time. Mr. Dalton is perfectly satisfied that there could have been no concealment of any grain then in the houses, and that there could have been no manipulation of records to the disadvantage of either party concerned, or of the owners of grain then in the elevators. This conclusion is fully confirmed by a careful check which has been made of our records of the government weigh-up made a short time previously, and of the receipts and shipments of grain between the date of the government weigh-up made for the purpose of adjustment of balances between the two companies. We are convinced that a proper accounting was made for all of the grain in the elevator when turned over to your company.'

Mr. Coleman Satisfied

"Mr. Coleman states in that letter that he is entirely convinced there was no irregularity when the transfer was made and that we accounted to the Canadian Pacific railway for every bushel of grain we had taken over. Mr. Henderson's charge is a statement that cannot in any sense be substantiated.

The next item relates to false bottoms in the bins. Records were produced from the millwright in the ele-

vator to the effect, according to Mr. Henderson, that eight years ago false bottoms had been placed in some of the bins in that elevator. We carried out a private investigation, not only into this matter, but into all the matters alleged in Mr. Henderson's statement. I might mention that when Mr. Henderson gave this evidence at Fort William, I was at Ottawa. When I came home I instituted a rigid enquiry into the whole thing. In the enquiry we were able to make in our office I satisfied myself that not false bottoms but false slides might have been made in a few of the bins, or rather pockets of the elevator, in 1913. In order that you may clearly understand the layout of an elevator, let me say a big storage elevator is composed of some 70 or 80 tanks, circular in shape, which hold 20,000 bushels of grain. There are pockets between them holding from 800 to 900 bushels. The evidence we were able to ascertain in our private inquiry went to show that there were not false bottoms, but false metal slides put into the spouts at the bottom of a number of these pockets. The impression which the Henderson statements were designed to create was that false bottoms could not be put in without a great many men knowing, and that consequently the officers of the company must have known what took place. I repeat they were not false bottoms. What apparently happened was this: In this particular case the second slide was put in above the first slide in a number of these pockets, so that when the bottom slide was pulled the grain would be held up by the false slide put in above.

Knew Nothing of False Slides

"The evidence at our private inquiry disclosed the fact that there was grave reason to believe that several false slides had been put into these pockets, but it also went to show this, that these slides had never been used. Some of the men who had been in the elevator at the time, and are still with us admit that the slides were put in, but they all, each and everyone, declare they have never been used. As far as I am personally concerned, we knew absolutely nothing about this until this Henderson statement came out.

"You ask, why was that done? The inference that went out from the statement was this, that those slides were put in for the purpose of defrauding those shipping grain to the elevator, and for the purpose of defrauding the farmers and others sending grain to the elevator. Now, that was absolutely wrong. First of all, this grain, received from cars coming from farmers or shippers to the

elevators, is all weighed before it goes to the storage bins at all. The procedure is this: a car is run into the elevator shed. The doors are pulled open and the grain is dumped down into a hopper, in the same way that it is dumped into an ordinary elevator in the country. The grain is carried along a belt, on the lofting leg, and drops into the weigh-in hopper at the top of the elevator. It is weighed there, and after being weighed it is distributed to the bins, where it is stored. Consequently this could not in any way affect grain coming into the elevator. You will remember also that the weighing is done by government officials under the control of the Board of Grain Commissioners, not under our control, and the weights of grain are certified to by these men.

Weighing of Grain

"I must state further, not only is grain received into the elevator, weighed by government weighmen, but the grain shipped out of the elevator, whether shipped out in cars or vessels, is also weighed by government weighmen, and certified to by government officials, once a year, usually in the month of August, the government has a weigh-up of these elevators. All the grain in the elevator is weighed up under government supervision. That is done in order to establish the amount of grain that is coming in, and the amount that has gone out, and the balance that should be in the elevator.

"Now, I am advised that when the government officials go into an elevator to conduct this annual weigh-up, the first thing they do is to seal all the bins at the bottom. They go through the elevator and seal every bin. They seal every bin at the the top and every bin at the bottom; then they carry out a test. The man at the bottom of the elevator tests a bin to see whether the grain is all out. Now, the only purpose that could be served by these false slides put into bins would be to mislead the government officials in the annual weigh-up, and conceal grain in the elevator at the time of the weigh-up. You can readily see what would happen. Here is the government official. He pulls the lower slide. No grain comes out. He telephones to the government man at the top floor that there is no grain. It is the duty of the man at the top of the floor to drop a light or sounding line into that bin so that he can ascertain whether there is any grain in it. That is the procedure followed. Under that procedure, you can see, it would be an impossibility for any grain to be secreted if the government officials did their duty properly.

Surplus Belongs to Elevator

"Before I come to that, however, let me say that any surplus there is in the elevator at the time of the government weigh-up belongs to the elevator. You will appreciate the fact that no elevator can carry on an operation where it handles 20,000,000 to 30,000,000 bushels of grain, and come out even. It must either be short, or it must be over, and any surplus at the end of the government weigh-up belongs to the elevator under the law. There has never been any question about that. There has been a change in the law which I will allude to a little later on. If these slides were put in—and mind you, we have not established yet that they were put in, although my own judgment is that they were—the purpose was to conceal grain from the company, and there is only one conclusion that can be drawn out of the whole thing. That is, that there was an understanding on the part of some employees to steal grain from the company. The grain would not then show in the government weigh-up, and the natural inference would be that those trying to do this would try to get the grain out of the elevator secretly, dispose of it, and pocket the proceeds. Mr. Henderson, in his evidence, said he heard rumors that grain had been taken out at night. Since that time he has never repeated this statement so far as I have been able to see, and there the matter stands. Now, we were handicapped in our private investigation by this fact, that we could not summon witnesses and compel them to give evidence under oath. We then followed this procedure.

"We had absolutely determined, for reasons I shall state a little later on, that we would have absolutely nothing to do with the Royal Grain Inquiry Board. We asked the Board of Grain Commissioners to investigate this thing, because they have all the powers necessary for an investigation.

Grain Removed Secretly

"Our private investigation had disclosed this: There was some evidence to show that grain had been removed secretly, the employees concerned strenuously denied it, and all the evidence we had was the unsupported statement of one individual in the elevator. We then asked the Board of Grain Commissioners to enquire into the whole thing. Now, the Board of Grain Commissioners have all the powers necessary to summon witnesses, and they could take evidence as it is given in an ordinary court of law. We wrote to them on June 26 and asked them to undertake this inquiry at once, giving them a

statement of the evidence given by this man Henderson at the secret hearing at Fort William. Again, on July 9 we wrote them asking them to put the inquiry through at once in order to get it disposed of before the crop movement started. The board, however, was unable to go ahead because of pressure of other work, and it was only a week or two before I left for Eastern Canada that they advised me that they were able to go ahead with the investigation. In the circumstances I advised them to let the matter stand until a later date, when we would go ahead and give them all the assistance possible.

"The total result of the inquiry went to show that false slides had been put into some of the pockets, and that the only reason why was to secrete grain and appropriate it from the company. If there was any conspiracy to steal at all, it was a conspiracy to steal from the company. A great deal has been made of the fact, and I notice the pamphlets and advertising matter put out by the government propaganda bureau in Winnipeg make a point of it, that Mr. Murray, assistant general manager, was in Fort William on the day of the secret hearing. I can explain that. I was in Ottawa for the close of the session. Mr. Rice Jones, the general manager, was in Eastern Canada. Mr. Murray and Mr. Symington, counsel for the company, were some 15 miles from Winnipeg when they were told that our office got a wire from Fort William saying that two or three employees had been subpoenaed. Mr. Murray did not know what it was about. He got to Winnipeg five minutes before train time and left for Fort William hurriedly. When he got to Fort William he found subpoenas had been issued, and Mr. Symington advised the employees that they did not need to go and give evidence unless they wished to go.

Not Advised of Hearing

"We were not advised of that hearing. We were not advised in any sense, or particular, of what evidence was to be given, and the whole thing was framed in secret and carried out in secret. For what purpose? In order that this information might go into the newspapers and be circulated all over Canada without the company, through its representatives, having a chance to produce any evidence before the hearing. It is a very significant thing that this was three weeks before the Medicine Hat election. I am convinced that this hearing was framed in order that sensational evidence might be thrown to the public with the object of influencing that by-election. There is no

reason, even if all these things were true, why this inquiry at Fort William could not have been held after the commission returned from the West. This alleged happening dates from eight years ago. Is it conceivable that he had been carrying this around for eight years without disclosing it with somebody?

"I am satisfied that Mr. Staples, one of the Board of Grain Commissioners, had this information years ago, and that it was deliberately held back until it could be sprung at an election in order to discredit our political movement. Now, the question is frequently asked, why did the company stop the inquiry? We took legal proceedings in the courts to stop the inquiry because we were convinced it was a political inquiry, for the reasons I have stated. We have had two government inquiries in Canada before. In 1919 there was a cost of living commission, a special committee of parliament, which investigated the cost of living.

Full and Frank Testimony

"Mr. Rice-Jones, our general manager, was called to Ottawa to give evidence of our business. He gave evidence in the fullest and frankest way possible. He gave evidence in such a way that Mr. Pringle, counsel for the committee, stated he had given the fullest and freest evidence of any witness placed before him. What happened? Within a few months, when the first by-election was held, this evidence was taken by government speakers and distorted all over Canada. They made misleading statements regarding our salaries, the profits made by the company, and everything else. The whole evidence was used to damage the company. Moreover, when the Price-Waterhouse Company was asked by the government to carry on an investigation into the terminal elevators at Fort William, the report of the company was also misrepresented against the United Grain Growers. Everything was misrepresented. For these reasons, our board of directors met last May and took the matter into consideration.

"Mr. Meighen has stated on the public platform that we decided to block the inquiry, not after the Fort William hearing, but before it. That is not correct. Our board of directors, it is true, before the secret hearing took place, considered the whole grain inquiry, but instructed the management of the company that if the Royal Grain Inquiry Board disclosed tactics that were of a political character, the company was to take action in the courts

so far as the courts would allow it to go, and it was only after this thing happened at Fort William, and it became clear beyond any question of doubt what the purpose of the grain inquiry was that we took action in the courts to restrain the board from going any further.

"It was also stated that we joined with the grain exchange in blocking the inquiry, and Mr. Meighen holds up his hands in holy horror at that having been done, as other speakers do. We did not unite with the grain exchange to stop the inquiry. We took action in the courts independently of the grain exchange. It is true that certain firms in the grain exchange also took certain action in the courts. We took action, however, of our own volition, and we pushed it of our own volition.

"These are the reasons why we took such action. Our board of directors felt that they should not allow the business of 36,000 shareholders to be jeopardized and turned into a political football simply for the purpose of advancing the political fortunes of the party in power.

Regarding Overages

"There are other charges that the company appropriated overages!"

Mr. Crerar read from an advertisement in the Farmers' Advocate containing what purported to be extracts from the report of the Price-Waterhouse Company.

Commenting on these extracts, Mr. Crerar said: "As I have stated, the Price-Waterhouse Company is a reputable firm of chartered accountants doing business in Winnipeg and other cities in Canada. This report was made at the request of the government, but that report has never been made public. It was asked for in the House of Commons, but the government refused to bring it down. The Price-Waterhouse Company had made an inquiry into the terminal elevators. The government was asked to bring down the company's report, but it brought down only a brief synopsis of the report. On December 15 last, Mr. Rice-Jones, our general manager, wired to the department of trade and commerce as follows: 'Is Price-Waterhouse audit of terminal elevators either complete or in part available for the public? If so, please rush two copies, also wire reply collect. Want complete copies if possible.'

"The following reply was received: 'Ottawa, December 22. Referring to your telegram of the 16th inst. concerning which I had to communicate with the Board of Grain Commissioners at Fort William; I now beg to state

that the audit of the terminal elevators as made by the Price-Waterhouse Company two years ago was never printed. The audit at the time was made at the request of the minister for his information, as it was too expensive to print it was never issued in printed form. We did, however, issue an extract from this audit, a copy of which I enclose herewith.—F. C. T. O'Hara.'

Government Uses Report

"We got that copy, but I would draw attention to the statement in the advertisement that this is 'a true extract' from the Price-Waterhouse report. Now the synopsis issued by the department of trade and commerce has no such statements as those in the advertisement. If they were true, or if they were not true, the circumstances show that a report has been given out by the government to its political campaign committees which was refused to parliament, and I would like Mr. Meighen—and I want this question to reach him—to explain why this document was refused to parliament and yet passed out to the publicity department of the government to be used for political purposes. I want to know upon what basis the government publicity department of the National Liberal and Conservative association uses it for the purpose of prejudicing the electors against not only the United Grain Growers, but myself personally, and the whole movement I represent. It is a fair question, and I want the information.

"The editor of The Grain Growers' Guide wrote to the Price-Waterhouse Company with regard to the advertisement in question issued by the National Liberal and Conservative party. Mr. Chipman asked if the statements contained in the advertisement were a true extract from the report, and explained that we were not in possession of a complete copy of their report."

Mr. Chipman's letter was as follows:

"November 10.—In a recent advertisement published by the National Liberal and Conservative party and devoted to the Price-Waterhouse report on the terminal elevators, the following statement appears as a 'true extract' from the report of your company:

"United Grain Growers Ltd. This company leased from the C.P.R. two terminal elevators for which they paid \$68,290 per annum. They had no capital investment outside the rent. During the five years they received from the sale of screening \$223,725; from sale of overages, \$386,792. After paying

rent they received a net profit for the five years' operation of \$694,794, or a total of \$139,150 per annum. Taking the amount of the rental as a total capital investment so far as the Grain Growers are concerned, in one year they made over 400 per cent. and another year they made 300 per cent profit. They also dealt in futures contrary to the Canada Grain Act.'

"We are not in possession of a complete copy of your report. Will you be kind enough to inform us whether or not the above quotation is a 'true extract' from the report prepared by your company on the terminal elevators?"

Mr. Chipman received the following reply from the Price-Waterhouse Company:

"Nov. 10. We are in receipt of your letter of today's date containing a paragraph which purports to be an extract from a report issued by our firm on the operations of the terminal elevators. We beg to state that the paragraph as quoted in your letter is not an extract from such report. Price-Waterhouse Co."

"That is the letter from the Price-Waterhouse company and yet, in this advertisement which has gone out broadcast, an attempt is made to throw a stigma upon myself by those responsible for the publicity department of the National Liberal and Conservative party.

Character of Campaign

"The statement is made in the advertisement that 'this is a true extract' from the Price-Waterhouse report. If it is a true extract, I want to know why the government has handed out the report to its campaign managers while it has refused it to Parliament; and if it has been handed out I want to draw your attention to the fact that while it is reported in the advertisement to be 'a true extract,' the Price-Waterhouse Company declares that no such extract can be found in the report. That gives an idea of the character of the campaign that is being carried on by the government campaign committee in this province today. It appears to me that there is no action too low that the government will not stoop to in order to discredit me personally and ruin the business that has taken many years to build up.

"It is also stated that I suppressed this report. That is too absurd for me to make any denial of whatever. I have read you the letter which came

from the department of trade and commerce to Mr. Rice-Jones in which it was stated that only a portion of the report had been made public.

"I want to deal with the question of overages. We have been represented, not only in this advertisement but also on public platforms, as having done a dreadful wrong because of the fact that we had overages in our elevator at Fort William. That has been played upon in and out of parliament and by government speakers in this province as well. I said a little while ago that no elevator can be operated and come out at the end of the year even. That cannot be done anywhere whether by a country elevator or a terminal elevator. You must either have a surplus or a shortage, and in the event of there being a shortage, the elevator is compelled by the Canada Grain Act to go into the grain market and buy grain to make up such shortage.

"There is a small percentage, I think 30 pounds, on a car of wheat and a little bit more on a car of oats, which is allowed for invisible shrinkage in the handling of grain. There is also this, that an inspector may put dockage of one per cent on a car. If the elevator operator cleans it so that he takes out only three-quarters of one per cent, he has saved two bushels on that car. He may have to clean the grain over again, but as long as the obligation rests on the elevator to make good any shortage, he is going to be as careful as he can that no shortage occurs, and in that case, if there is no shortage, there will be an overage. They have played a great deal upon the overages of our terminal elevator at Fort William.

Overages Over Three Year

"I want to give you overages in the government elevator at Fort William over a period of three years. I have not had the time to check up more recent years to ascertain what the overages were, but they would correspond to what they were in the periods I have dealt with. I have taken figures in order to compare the government elevator at Fort William with our own elevator at Fort William, and this information was given in my speech in the House of Commons."

Mr. Crefar read the following, as a quotation from Hansard, page 4074 of his speech, June 26, 1919. In 1914-1915, the Grain Growers handled 11,153,000 bushels; the value of the overages was \$54,000; in the same year the government elevator handled 9,638,000 bushels and showed overages valued at \$90,000. For 1915-1916, the figures were: Grain

Growers, 28,462,000 bushels, overages \$94,000; government elevator, 31,425,000 bushels handled, overages \$116,000. 1916-1917, Grain Growers, 16,500,000, overages \$132,000; government elevator, 23,000,000 bushels, overages \$331,000.

"I mention these figures because the impression has been deliberately left in the public mind that the United Grain Growers are gross sinners. I want to point out that this is a matter of operation, and that the Government itself has had these results in operation since the elevator was started. Their returns are in excess of ours, yet, we have Mr. Meighen prating about overages we have taken and we have every henchman playing upon that string. Why did they not give the facts? I am willing to give the facts in all cases. They accuse me of wanting to keep these overages.

"I will tell you what I proposed when the matter was up for discussion two years ago in the House of Commons. To go farther back, the Canadian Council of Agriculture, of which the United Grain Growers, Ltd., is a member, urged on the government that it should appropriate a portion of the overages, and apply the revenue towards a reduction of the inspection and weighing charges. In 1919 the government introduced legislation into parliament to do that. Whether the legislation is good remains to be seen, because it is being challenged by one of the terminal elevator companies, which claims that the government has no right to take these overages. What was my personal impression?"

Quoting from Hansard, page 4076; June 26, 1919, Mr. Crefar read his speech in the House as follows:

"The provision contained in this amendment is, I think, an entirely proper one, and personally I should like to see the government go further. I should like to see them appropriate all the surplus in these elevators and give protection to the elevator operators against loss from shortage. Then no criticism could possibly arise, but the Board of Grain Commissioners and the government shrink from that because they know there is a possibility of a shortage in those elevators, and the government naturally do not want to be called upon in some year to put up \$200,000 or \$300,000 or possibly \$1,000,000 to make up shortages that may arise.

Expressed in Parliament

"That was the view I expressed in parliament. It is a matter of public record. The position I took was this,

and I have taken it before and since; let the government take all the overages, but at the same time, let them protect the elevator against loss for shortage. It is not fair to take all the overages and yet make the elevator responsible for any loss. And yet, I am represented by government speakers, and in this advertising, as claiming all overages in order that the company with which I am identified, may get these profits. There has not been a grosser and more deliberate misrepresentation of the facts than has been practiced in the last few weeks by the government party in Winnipeg, and by the speakers who have travelled through this province.

"There is also the matter of screenings which has been misrepresented. Screenings are taken from grain when cleaned in the public elevators at Fort William. My own view is that it would be infinitely better if all grain could be cleaned at the source of origin. It is impossible, however, at harvest time, when grain is flooding into the local elevators, so the grain has to be cleaned at Fort William. What happens? Under the law, in the case of any car which has three per cent or more of screenings, the terminal elevator company which receives such a car is obliged to give a separate return to the owner of the car for the screenings, and warehouse receipts are issued for more than three per cent. The screenings are then sold by your commission man and you get the proceeds.

When the screenings are in excess of three per cent, a charge of one-half a cent a bushel is made for cleaning. If, on the other hand, screenings are less than three per cent, and the dockage is less than three per cent, then the elevator company retains the screenings and makes no charge for cleaning, and the screenings it gets are really the compensation the elevator receives for the work of cleaning the grain. This has been represented as a source of great profit to the elevator companies. I believe it is true that the terminal elevator companies would jump at the chance of having the cleaning charge fixed at one-half a cent a bushel and all the screenings returned to the farmer. Yet the charge is made that these screenings are taken in the sense of being stolen from the farmers. It is the greatest misrepresentation that could be made. It is true there was a market in the United States during the war as high as \$40 to \$45 a ton for screenings. What is the position today, however? We cannot give these screenings away, and I want to tell you that our company is paying 80 cents a

ton to have those screenings hauled to the lake and dumped into the lake in order to get rid of them. And yet, to read the government literature, we have been the grossest sinners that ever trod the earth because of the profits made out of those screenings.

The Moffat Letter

"That is why I object to the manner in which the government is carrying on its campaign. Now, there is another matter. In the later issue of November 16 there is another full page in the Farmers' Advocate. On one side there is an affidavit dealing with the false bottoms. On the other side is what purports to be a letter from Mr. Moffat, who was the secretary of our company up until 1915. This is a letter which is signed by Mr. Moffat to one of our clerks in Fort William, and this is being played up very strongly by the government speakers. Now we have searched our files and we cannot find this letter. Mr. Moffat died five years ago, and, of course, we cannot speak from personal knowledge of the matter. Mr. Moffat was handling the elevator at that time."

Mr. Crerar read from a copy of the letter which advised the recipient to be more careful in the future.

Continuing, Mr. Crerar said: "What is the inference in the advertisement? I don't know why Mr. Moffat sent that letter, and I never knew it was sent until I saw it in the advertisement, but the inference in Henderson's statement is that tips were given to government officials and that we were bribing government weighmasters in the elevator. That is the only inference that can be drawn. We looked up the records and this item referred to in the advertisement as the 'fourth from the top' is an item for \$5, and the only description of it is 'tips, \$5.' It is nonsense to assume that we would offer \$5 to officials at Fort William to break the law and place themselves in the position where they could be prosecuted as criminals. There was never at any time or place any suggestion of bribing the weighmasters or the inspectors. To the best of my knowledge it was never done. I don't know what the item refers to, but possibly a box of cigars was given to someone who had rendered special service, such as working a few hours longer. Mr. Henderson, judging from the statements made by him at Fort William, is prepared to swear to anything put up to him. When he talks about tips to weighmasters and inspectors, he is stating what is absolutely incorrect. I leave it to your intelligence and the intelligence of all

people in this country, if \$5 would bribe weighmasters and inspectors to break the law and render themselves liable to criminal prosecution. The thing is so senseless that it requires nothing further to refute it. It is significant, however, that this is trotted out five years after Mr. Moffat is dead. I wonder if these gentlemen are taking advantage of the fact that dead men cannot defend themselves. I think it is one of the most cowardly things that can be done.

Deals With Spreads

"I want also to deal with the spreads on street grain and track grain because our friends are dealing with that matter, arguing that the spreads are exorbitant. It is true that a year ago spreads were very high as between street grain in the country elevator and grain unloaded at the elevator at Fort William, because of the very great premiums on cash grain at Fort William. I have seen days, however, when grain in cars at Winnipeg was worth 15 to 20 cents less than grain in the elevator at Fort William. The reason for that was that grain at the terminals could be delivered to boats immediately when the grain at Winnipeg could not.

"It was also charged that we are mixing grain in the elevator. That is true. It is a legal thing, according to the Grain Act. The whole advantage of that is—and it is a distinct advantage for the producers of grain—that it gives a better market for the off-grades of grain, because houses will take them and mix them, and the result is there is a product which can be sold at an advantage to the individual shippers. The shipper gets a premium on the grain going into the mixing houses. They talk about profits from mixing houses. There are more mixing houses in Canada today than ever there have been in the history of the country. If you study the spreads between tough and off-grades you will find that they were never less than today. If you are compelled to sell tough grades and rejected grades without any chance of their being treated in a mixing or hospital elevator, it comes out in that condition, and the United States or Britain takes advantage of its condition, improves it, and you get nothing for it. If it is done at Fort William, you get a premium on the grain when it is sold at Fort William.

"Another charge is also made in the advertisement, that we sold farmers' grain without the permission of the farmer. If it was thought to give the impression that this was the policy

of the company, it is absolutely incorrect. There have been occasions when, through errors, cars of grain have been sold at our office when instructions were to hold it. I admit that, but you cannot handle 250 or 300 cars of grain a day without occasionally an error creeping in. There are cases when grain intended to be held has been sold, but as soon as that error has occurred an amount of grain corresponding to that sold has been purchased and has been held. That has been the practice and the custom of our company; when these gentlemen say that we have disposed of farmers' grain without instructions to sell they are resting their case altogether on the fact that errors occasionally occur. It has never been the practice or policy of the company.

Question of Salaries

"Then, there is the question of salaries. My salary has been discussed by the government forces from Halifax to Vancouver. It has been put at figures ranging from \$14,000 to \$60,000 a year. I think it would have been an excellent thing if the gentlemen who have been speculating on my salary had got together and fixed upon a definite salary. When the charge is levelled at me that I am getting \$60,000, with something additional from subsidiary companies, all I have to say is that it is absolutely false. We have a parent company in the United Grain Growers Ltd. We have six or seven subsidiary companies. It is my business to look after four of these, in addition to supervising the financial and general policy of the United Grain Growers, Ltd., of which Mr. Rice-Jones is the general manager. I draw not one cent of remuneration from any subsidiary company. My salary for the whole is \$15,000 a year. If any of you gentlemen have it put up to you at any place, you can give them that information from me. I know that, judged by the salaries given men holding responsible positions, my salary is not excessive, and I have been told by a good many friends that I am worth a good deal more. However that may be, I can say this that on two occasions in the last few years I could have improved my position financially. I declined to avail myself of that opportunity, because I wanted to see this thing growing, because I believed in it. When my opponents resort to miserable, low tactics like those which have been adopted, I can only conclude that the whole thing is a plot to besmirch my reputation and to raise a doubt in the minds of the electors in the country

as to my personal integrity in the hope that our political movement will be weakened."

Mr. Crerar read a letter which he had received from Sir Robert Borden in reply to his letter of resignation from the Borden cabinet. In the letter, Sir Robert stated:

"During the period in which you have been a member of the government, your high sense of public duty, your fine ability and your indefatigable energy have made your services to the country especially valuable."

"I ask you to put that testimony," said Mr. Crerar, "against the statements of those who are attempting to leave the impression that I am not to be trusted."

"I have stated that the whole grain inquiry was political. I have simply this statement to make that the government of Canada, of which Mr. Meighen is prime minister, has set about to use the powers of the state to crush a political opponent, a political movement, which they thought was going to injure their political fortunes. It is a strong statement to make, but I make it with absolute conviction that I am correct when I see this campaign that is carried on in this province by government supporters and agencies in this province."

Government Backers

"I want to know who is paying for all this. I put it up to the prime minister to reveal the sources from which the funds for this campaign come. I have stated that the National Progressive Party can expose the sources from which it gets its campaign funds. You know you have been canvassed for the last two years for the money required to carry on the work necessary in this campaign. That is as it should be. The people should pay this legitimate expense, and that is what you are doing. What I want to know is where the government campaign funds come from. I don't have a doubt that there is a deliberate effort being made to wreck the farmers' organizations in western Canada, to seek to discredit and destroy them, and that this is being done with the money advanced by the big interests on behalf of the government. I want to know if the people of this country are going to stand for that. You have brought your organizations up after patient effort. You know the character of the men who have been leading them. You know whether they have given faithful ser-

vice. Are you now, at the suggestion of the government and political heelers going to be led away? This is nothing more or less than a gigantic effort on the part of the big interests to prejudice public opinion in such a way as to snatch a verdict from the electors in favor of the government party. I put it up to the farmers in this province and in the whole of Canada: Are you going to stand for that sort of thing, or are you going to repudiate it? I have no doubt about what you will do on December 6. The time is now long past when the electors of Canada can be fooled by such drivel as is put out in these government pamphlets and government advertisements. I am confident that on December 6 you will give an emphatic reply in condemnation of these charges." (Loud and prolonged applause.)

In conclusion, Mr. Crerar asserted:

Contempt for Such Tactics

"Yesterday afternoon the Farmers' Advocate of November 16 reached my hands. It contains a double centre page advertisement published by the Meighen government campaign committee. It is evidently an advertisement prepared by lawyers for the purpose of avoiding libel action. I consulted my solicitors about it yesterday and they advised me that it is very doubtful if a prosecution would be successful because there is no direct accusation against my personal character or conduct."

"I cannot too strongly express my contempt for the political tactics that will stoop to cowardly insinuation and innuendo of this kind, and words cannot express my contempt for the men who go thus far to try and blacken my reputation by such innuendo, but who have not the courage to openly make direct accusations against me. I want to make the statement clearly here and now, and in making it I want to carry clearly to the politicians and moneyed interests who are responsible for this campaign, that if they or any of their followers know, or if they think they know, of any one single case where I have done anything that reflects upon my personal character, conduct or integrity, or have knowingly countenanced any crooked action, I invite them to make their statements specifically, so that there is no doubt about the accusation, and I promise them that if they will do so, they will within 24 hours get action, and very drastic action."

Cheers were given for Mr. Crerar when he resumed his seat.